

**USMEF ACTIVITY REPORT TO  
THE OKLAHOMA BEEF COUNCIL  
U.S. Beef Market Development Activities in Japan**



**September 2016**

**The USMEF activities described in this report were funded by the  
OKLAHOMA BEEF COUNCIL**

## **U.S. Beef in Japan Background:**

Competition for Japan's imported beef market intensified considerably in 2015, with many countries vying for greater shares as U.S. beef contended with increasing prices and a strengthening U.S. dollar. This was amplified by the establishment of various economic partnership agreements (e.g. Australia) and free trade agreements (e.g., Mexico) which put U.S. beef at a duty disadvantage.

January 2015 was the first month in which beef tariff reductions were in effect under the Japan-Australia Economic Partnership Agreement (JAEPA), and by the end of the year, U.S. beef faced a tariff disadvantage of 7 percentage points on chilled beef and 10 percentage points on frozen. This gap continues to grow as long as U.S. beef is subject to Japan's full 38.5 percent duty. While Japan was again the leading value market for U.S. beef in 2015, U.S. exports declined 15 percent year-over-year in volume (204,927 mt) and 19 percent in value (\$1.28 billion). Japan imported less beef from all suppliers in 2015, but the U.S. lost market share to Australia.

Heading into 2016, the second year of the JAEPA, Australia's frozen beef duty rate was reduced to 27.5 percent and chilled beef to 30.5 percent, widening the gap on its advantage over U.S. beef to 11 percent for frozen and 8 percent for chilled beef. Addressing this situation is a main strategy for USMEF in all sectors, which includes a focus on educating retail and foodservice buyers about the wide range of U.S. beef cuts that appeal to their customers, in particular, pushing well beyond the cuts traditionally marketed in Japan. USMEF is also making the most of growing U.S. beef supplies, working aggressively to capitalize on the tremendous opportunity to reclaim market share in the wake of Australia's recent slowdown in production and the continued decline in Japan's domestic beef production which is leaving more room for imports. Indeed, U.S. beef exports to Japan through July 2016 were up 12 percent from a year ago in volume (145,358 mt) and 4 percent in value (\$836.2 million). Showing strong demand for high-quality cuts, Japan's imports of chilled U.S. beef were up 40 percent to 59,783 mt. Japan's import data Jan-July also show a strong rebound in market share for U.S. beef at 39.1 percent – up from 33 percent in 2015 and about one percentage point higher than in 2014. Australia's market share, which was nearly 57 percent in the same period last year, fell to 51.5 percent.

USMEF has aggressively defended U.S. beef's position in the market, working to expand usage of cuts, grades and brands across the foodservice and retail sectors. This has included extending the duration and number of promotions conducted with specific target accounts, thanks in part to generous funding from Oklahoma Beef Council (OBC). These campaigns, detailed below, focus on presenting U.S. beef as a high-quality, reasonably priced alternative. Additionally, training and support programs highlighting new merchandising techniques and cooking styles, including 'Thick Cut American Beef' (roasts) and 'American BBQ' are helping to further expand sales of U.S. beef in leading regional supermarket chains and major nationwide retail companies (e.g., AEON and Costco), displacing domestic product as well as foreign competition. Key players in Japan's retail and foodservice sectors reached by these OBC funded activities continue to work with USMEF, maintaining a commitment to add more U.S. beef cuts and utilize new merchandising ideas, which is helping the U.S. industry win back market share in Japan.

## ***FY2016 Program Goals Have Been Achieved***

	2016 Goal	2016 Actual
(1) # of importers/distributors confident in the safety and reliable supply of U.S. beef.*	9/14	10/14
(2) # of importers/distributors that consistently purchase 2 or more U.S. beef alternative cuts.*	6/14	10/14
(3) # of HRI/retail accounts that consistently feature 2 or more U.S. beef cuts.*	10/22	17/22
(4) # of HRI/retail accounts that add additional U.S. beef items on the menu/in the meat case.*	8/22	9/22
(5) % of targeted consumers who are confident in the safety of U.S. beef.	15%	15%
(6) % of targeted consumers who purchased U.S. beef in the last 2 weeks.	22%	22%

\* Target Audience for Evaluation adjusted in 2015.

## **FY2016 Oklahoma Beef Council-Funded U.S. Beef Activities in Japan**

### ***American Beef Father's Day Campaign (5/18-6/30)***

Similar to its counterpart in the U.S., Father's Day has become a major day of celebration in Japan. Tying the occasion to its American roots, USMEF conducted a Happy Father's Day campaign, promoting U.S. beef steak as the centerpiece of the holiday's celebratory meal. As part of this campaign, USMEF prepared a special webpage where consumers were able to apply for campaign prizes with "thank you" messages for their fathers. During the campaign period, USMEF received 22,254 applications (18,756 from PC and smartphone and 3,498 from Twitter). USMEF conducted this campaign in conjunction with



“Carnivor” wine especially developed for meat dishes. Funding support from Suntory was significant and greatly extended the reach of the promotion. Specific U.S. beef promotional materials were deployed to participating retail outlets to explain how Father's Day was established in America and describe how the taste of beef can be enjoyed with a good wine paring. A total of 35 retailers, both national and regional chains (804 outlets across Japan), promoted the special “American beef steak” items coupled with steak seasonings and wine. Participating retailers saw their U.S. beef sales increase at least 10 percent during the promotion period, compared to non-promotional weekly averages.

### ***Yakiniku Festival by All Japan Yakiniku Association***

The “All Japan Yakiniku Association” conducts an annual Yakiniku Festival on August 29, Yakiniku Day. This year, USMEF supported the event which prominently featured U.S. beef, a long-time favorite of this segment. A total of 881 member restaurants/chains (half of all members)



participated and preliminary results show an estimated 700 mt of American beef was sold in August, an increase of 6 percent from the previous month. This included eight different U.S. beef cuts, including variety meat. Steadily expanding over the last 53 months, the number of individual yakiniku restaurant outlets that are association members has reached 22,000 in 2016 (up from 16,000 in 2012). This \$70+ billion industry represents a constantly expanding market for U.S. beef. USMEF will continue to support the promoters in this sector.

### ***American Beef Autumn/Winter Campaign***

On September 1, USMEF launched a four-month, large-scale nationwide American beef retail campaign designed to increase U.S. beef demand, especially chuck eye roll and loin, in the high usage autumn/winter season. Running through the end of December, USMEF will promote a different beef dish and beverage pairing during each month as follows:

- September: Steak & Beer
- October: Beef Cutlet & Shochu (Japanese distilled spirits)
- November: Sukiyaki & Sake (Japanese rice wine)
- December: Roast Beef & Red Wine



These promotions are conducted with such leading companies as Suntory and Kirin. Again, the third party contributions have more than doubled the size and reach of the campaign. Special merchandising materials corresponding to each month’s U.S. beef menu will be deployed to participating retailers, and consumers who make qualifying purchases will gain access to the American beef campaign website where they can instantly apply for and check the results of the accompanying consumer prize promotion. As of August 31 a total of 24 companies (1,039 outlets across Japan) have committed to participating in the campaign. The number is expected to increase by the year-end holiday/party season.

### ***Aeon American Fair***

Japan’s leading supermarket chain, AEON Group and its member retailers conducted an “American Fair” at their 1,500 outlets across the country in mid-June. The event featured U.S. chuck eye roll and chuck flap tail steak, along with the launch of new ready-to-eat roast beef using U.S. chuck eye log. USMEF’s assistance included tasting demonstrations, as well as providing point of sale materials and packaging with an accompanying special seasoning sauce pack. In addition to in-store promotion and printed flyers, AEON produced a series of television advertisements showcasing the three U.S. cuts—an investment representing \$216,836 in FTPC (foreign third party contribution).



Ultimately, the campaign generated tremendous U.S. beef sales for participating outlets, recording an increase of 49 percent (from 83 mt to 124 mt) compared to the same period in 2015. As an added bonus, U.S. beef has replaced Tasmania beef, which was AEON's store brand. With this shift, AEON Group is planning to increase its U.S. beef purchase volume 70 percent this year.



**Costco American Beef Promotion**

Costco has been a long-standing supporter and major purchaser of U.S. beef, regularly conducting weekend promotions and USMEF-funded tasting demonstrations at its 25 outlets in Japan. USMEF utilized OBC funding for one such activity in July which resulted in a total of 320 mt (13 mt per outlet) of U.S. beef being sold. This is in addition to the 250 mt per month of U.S. beef chuck eye roll “Bulgogi” (sliced beef marinated with Korean sauce) in the chain’s standard program. In August, the company featured U.S. beef yakiniku items, short rib and top blade muscle cuts. Sales results are still pending.



**York Mart American Beef Fair**

York Mart, a leading regional supermarket in the north Kanto region, conducted a U.S. beef promotion at its 78 outlets in August. USMEF supported the sales event with newspaper inserts/flyers and in-store tasting demonstrations. During the period, York Mart highlighted U.S. beef chuck eye roll steaks, along with short plate and tongue for yakiniku, and a U.S. roast beef item. York’s U.S. beef sales jumped 18 percent (from 56 mt in July to 66 mt in August) as a result of these efforts. Moreover, with rapidly increasing domestic beef prices, the company continues to expand its U.S. beef program and anticipates a 20 percent increase this year.

